

**BREMER-WAVERLY PUBLIC SAFETY BOARD**

Independent Auditor's Report  
Financial Statements  
Auditor's Report on Compliance  
& Internal Control

June 30, 2006 & 2005

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## BREMER-WAVERLY PUBLIC SAFETY BOARD

### BOARD OF DIRECTORS

At June 30, 2006

#### **VOTING MEMBERS:**

Gaylord Hinderaker	Chairman	Member-Bremer County Board of Supervisors
Gary Boorom	Vice-Chairman	Member-Waverly City Council
Daryl Behnke	Board Member	Member-at-Large
Steve Reuter	Board Member	Member-Bremer County Board of Supervisors
Fred Ribich	Board Member	Member-Waverly City Council

#### **NON-VOTING ADVISORY MEMBERS:**

Duane Hildebrandt	Secretary/Treasurer	Bremer County Sheriff
Art Simpson	Advisory Member	Waverly Chief of Police

## Independent Auditor's Report

To the Board of Directors  
Bremer-Waverly Public Safety Board

I have audited the accompanying financial statements of the governmental activities which comprise the Board's basic financial statements listed as exhibits in the table of contents of this report, of the Bremer-Waverly Public Safety Board as of June 30, 2006 and for the years ended June 30, 2006 and 2005. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audits.

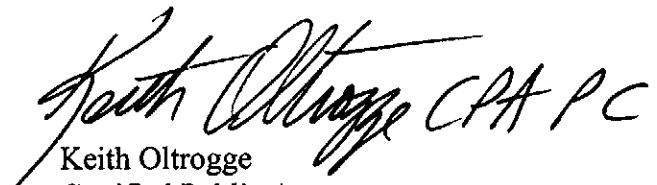
I conducted my audits in accordance with U.S. generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

The Organization has not maintained a record of its general fixed assets at cost and, accordingly, a statement of general fixed assets at cost, required by U.S. generally accepted accounting principles, is not included. Also, as described in Note 1, the Organization's financial statements are prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly in all material respects except for fixed asset balances, the respective cash basis financial position of the governmental activities of the Bremer-Waverly Public Safety Board at June 30, 2006, and the respective changes in cash basis financial position for the years ended June 30, 2006 and 2005 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated December 5, 2006 on my consideration of Bremer-Waverly Public Safety Board's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 7 and 13 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

  
Keith Oltrogge  
Certified Public Accountant

December 5, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Bremer-Waverly Public Safety Board provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the Board's financial statements, which follow.

### **2006 FINANCIAL HIGHLIGHTS**

- Revenues of the Board's governmental activities increased 6%, or approximately \$10,000, from fiscal 2005 to fiscal 2006. Bremer County support increased approximately \$2,000 and City of Waverly support decreased approximately \$2,300.
- Disbursements decreased 45%, or approximately \$103,000, in fiscal 2006 from fiscal 2005. Equipment purchases decreased by \$125,000 and computer support increased by \$5,300, approximately.
- The Board's total cash basis net assets increased 31%, or approximately \$36,000, from June 30, 2005 to June 30, 2006.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Board's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the Board as a whole and presents an overall view of the Board's finances.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the Board's budget for the year.

## **Basis of Accounting**

The Board maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Board are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE BOARD'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the Board's finances is, "Is the Board as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information, which helps answer this question.

The Statement of Activities and Net Assets presents the Board's net assets. Over time, increases or decreases in the Board's net assets may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Activities and Net Assets is from one activity:

- Governmental Activities include public safety, general government, and capital projects. County and City grants finance most of these activities.

### *Fund Financial Statements*

The Board has one fund:

- A governmental fund accounts for all of the Board's basic services. This fund focuses on how money flows into and out of the fund, and the balance at year-end that is available for spending. The governmental fund is the General Fund. The governmental fund financial statements provide a detailed, short-term view of the Board's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The Board's cash balance increased from a year ago, increasing from \$80,146 to \$116,141. The analysis that follows focuses on the changes in cash balances.

	<u>Changes in Cash Basis Net Assets</u>	
	Year Ended June 30,	
	2006	2005
Receipts	\$ 162,291	\$ 152,232
Disbursements	\$ 126,296	\$ 229,442
Increase (decrease) in cash basis net assets	\$ 35,995	\$ -77,210
Cash basis net assets beginning of year	80,146	157,356
Cash Basis Net Assets End of Year	\$ 116,141	\$ 80,146

The Board's total receipts increased by 6%, or \$10,059. The total cost of all services decreased by \$103,146, or 45%. The Law Center Building construction project was finished this year. The decrease in expenses was primarily the result of a decrease in funds spent for the construction project.

## NEXT YEAR'S BUDGET

The Bremer-Waverly Public Safety Board expects revenues from the City of Waverly and Bremer County to be similar to this year. Revenues and expenditures are expected to increase approximately 10% or \$16,000. If these estimates are realized, the Safety Board's cash balance is expected to remain approximately the same by year-end June 30, 2007.



## **CONTACTING THE BOARD'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Duane Hildebrandt, Bremer County Sheriff, 111 4<sup>th</sup> Street NE, Waverly IA 50677.

BREMER-WAVERLY PUBLIC SAFETY BOARD  
Waverly, Iowa

STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS  
At June 30, 2006

Functions/Programs	Disburse- ments	Program Receipts		Net
		Charges For Services	Operating Grants	
Governmental Activities:				
Public Safety	\$ 126,296	\$ 1,772	\$ 160,519	\$ 35,995
Cash Basis Net Assets-Beginning of Year-Unrestricted				<u>80,146</u>
Cash Basis Net Assets-End of Year- Unrestricted				<u>\$ 116,141</u>

The accompanying notes to the financial statements are an integral part of this exhibit.

**BREMER-WAVERLY PUBLIC SAFETY BOARD**  
Waverly, Iowa

**STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH  
BALANCES ARISING FROM CASH TRANSACTIONS**  
For the Years Ended June 30, 2006 and 2005

	2006	2005
Receipts:		
Operating Grants:		
Bremer County	\$ 112,363	\$ 100,131
City of Waverly	48,156	42,913
City of Waverly-alley reimbursement	-	7,519
Charges for Services:		
Drivers Records and Miscellaneous	1,772	1,669
Total Receipts	<u>\$ 162,291</u>	<u>\$ 152,232</u>
Disbursements:		
Public Safety:		
Supplies	\$ 5,082	\$ 563
Office Supplies & Postage	3,812	3,748
Telephone	12,748	10,783
Utilities	43,420	28,954
Repairs & Maintenance	6,534	16,381
Insurance	10,116	7,559
Audit Fee	1,050	950
Miscellaneous	192	412
Equipment Purchased	4,790	130,238
Contract Labor	31,805	28,392
Computer Support	6,747	1,462
Total Disbursements	<u>\$ 126,296</u>	<u>\$ 229,442</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ 35,995	\$ -77,210
Cash Balance-Beginning of Year	80,146	157,356
Cash Balance-End of Year	<u>\$ 116,141</u>	<u>\$ 80,146</u>

The accompanying notes to the financial statements are an integral part of this exhibit.

BREMER-WAVERLY PUBLIC SAFETY BOARD  
Waverly, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2006 and 2005

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Safety Board is a non-profit organization established as the owner and caretaker of the Bremer-Waverly Law Center Building as a joint undertaking of Bremer County and the City of Waverly as authorized by Chapter 28E of the Code of Iowa. The Law Center Building was reconstructed in 2005 and 2006, at a cost of \$3.7 million. Cost of reconstruction was funded by local option sales tax revenue bonds being administered by Bremer County. Bond activity and repayment is reflected at the County level.

The Safety Board is exempt from income tax under the Internal Revenue Code and the Iowa income tax law, which provide tax exemption for governmental entities.

B. Basis of Presentation

Government-wide Financial Statements-The Statement of Activities and Net Assets reports information on all of the non-fiduciary activities of the Board. For the most part, the effect of inter-fund activity has been removed from this statement.

The Statement of Activities and Net Assets presents the Board's non-fiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Other items not included among program receipts are reported instead as general receipts.

**BREMER-WAVERLY PUBLIC SAFETY BOARD**  
Waverly, Iowa

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006 and 2005

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fund Financial Statements-Separate financial statements are provided for governmental funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Board reports the following major governmental fund:

The General Fund is the general operating fund of the Board. All receipts are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs.

**C. Measurement Focus and Basis of Accounting**

Basis of accounting refers to when receipts and disbursements are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Bremer-Waverly Public Safety Board maintains its financial records on the cash basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of such funds in accordance with U.S. generally accepted accounting principles.

**D. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**NOTE 2 – RELATED PARTIES**

The Bremer-Waverly Public Safety Board establishes an operating budget each year for the Law Center Building operating expenses. The City of Waverly and Bremer County share the operating expenses. The City of Waverly pays approximately 30% of the budget and Bremer County pays approximately 70% of the budget for the Law Center Building. Two City Council members and two County Board of Supervisors members are members of the Safety Board's Board of Directors.

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Safety Board's deposits at June 30, 2006 exceeded federally insured limits by \$16,141. The Board believes it is not exposed to any significant credit risk on cash.

**BREMER-WAVERLY PUBLIC SAFETY BOARD**  
Waverly, Iowa

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006 and 2005

**NOTE 4 – RISK MANAGEMENT**

The Bremer-Waverly Public Safety Board is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BREMER-WAVERLY PUBLIC SAFETY BOARD  
Waverly, Iowa

BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE  
Year Ended June 30, 2006

	2006 Fund Balance Actual	2006 Budgeted Amounts	Net Variance	Actual % Of Budget
Receipts	\$ 162,291	\$ 160,519	\$ 1,772	101%
Disbursements:				
Support Services-Administration:				
Supplies	\$ 5,082	\$ 5,000	\$ -82	101%
Office Supplies & Postage	3,812	5,275	1,463	72%
Telephone	12,748	15,000	2,252	85%
Utilities	43,420	40,000	-3,420	108%
Repairs & Maintenance	6,534	14,356	7,822	45%
Insurance	10,116	10,160	44	100%
Audit Fee	1,050	900	-150	117%
Miscellaneous	192	8,750	8,558	2%
Equipment Purchased	4,790	4,950	160	97%
Contract Labor	31,805	49,378	17,573	64%
Computer Support	6,747	6,750	3	100%
Total Disbursements	\$ 126,296	\$ 160,519	\$ 34,223	79%
Excess (Deficiency) of Receipts Over (Under)Disbursements	\$ 35,995	\$ -	\$ 35,995	
Balance Beginning of Year	80,146			
Balance End of Year	\$ 116,141			

Notes to Required Supplementary Information-Budgetary Reporting. The Safety Board annually adopts a budget on the cash basis, which is submitted to the City of Waverly and Bremer County for their funding approvals.

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Directors  
Bremer-Waverly Public Safety Board

I have audited the accompanying financial statements of the governmental activities of the Bremer-Waverly Public Safety Board as of and for the year ended June 30, 2006, which collectively comprise the Safety Board's basic financial statements listed in the table of contents and have issued my report thereon dated December 5, 2006. My report expressed an unqualified opinion on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Bremer-Waverly Public Safety Board's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

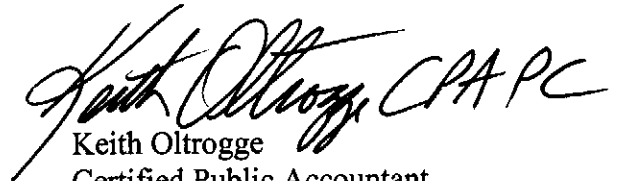


### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bremer-Waverly Public Safety Board's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Bremer County and the City of Waverly and other parties to whom the Bremer-Waverly Public Safety Board may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the Bremer-Waverly Public Safety Board during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

  
Keith Oltrogge  
Certified Public Accountant

December 5, 2006